

AMENDED IN ASSEMBLY JUNE 11, 2014

AMENDED IN SENATE APRIL 29, 2014

**SENATE BILL**

**No. 1256**

---

**Introduced by Senator Mitchell**

February 21, 2014

---

An act to *repeal and add* Section ~~654.4~~ to 654.3 of the Business and Professions Code, relating to health care services.

LEGISLATIVE COUNSEL'S DIGEST

SB 1256, as amended, Mitchell. Medical services: credit.

Existing law prohibits a healing arts licensee, including physicians and surgeons, psychologists, acupuncturists, optometrists, dentists, podiatrists, and chiropractic practitioners, from referring a person for certain health care services if the licensee has a financial interest, as defined, with the person or entity that receives the referral. Existing law provides specified exemptions from this prohibition. Under existing law, a violation of the provisions governing referrals is a crime.

Existing law prohibits a dentist, or an employee or agent of that dentist, from arranging for or establishing credit extended by a 3rd party for a patient without first providing a written notice and a written treatment plan, as specified. Existing law prohibits a dentist, or employee or agent of a dentist, from charging treatment not yet rendered or costs not yet incurred to an open-end credit extended by a 3rd party that is arranged for or established in the dental office without first providing the patient with specified information regarding the treatment and services to be rendered and ensuring the patient's receipt of the treatment plan. A person who willfully violates these provisions is subject to specified civil liability.

This bill would ~~similarly delete those provisions pertaining to a dentist or an employee or agent of a dentist, and instead would prohibit a healing arts licensee, or an employee or agent of that licensee, including a dentist, from arranging for or establishing credit or a loan extended by a 3rd party for a patient without first providing a written printed notice or electronic notice, as specified, and a written treatment plan, and would prohibit that arrangement or establishment of credit or a loan with regard to a patient who has been administered or is under the influence of general anesthesia, conscious sedation, or nitrous oxide. The bill would prohibit a healing arts licensee, or employee or agent of a licensee, from charging treatment not yet rendered or costs not yet incurred to an open-end credit extended by a 3rd party that is arranged for or established in the licensee's office without first providing the patient with specified information regarding the treatment and services to be rendered and ensuring the patient's receipt of the treatment plan. The bill would require a healing arts licensee to refund to the lender any payment received for treatment that has not been rendered or costs that have not been incurred, as specified, within 15 business days upon the patient's request. The bill would provide that a person who willfully violates these provisions is subject to specified civil liability.~~

Because a violation of these provisions would be a crime, this bill would impose a state-mandated local program.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: yes.

*The people of the State of California do enact as follows:*

- 1     SECTION 1. Section 654.3 of the Business and Professions
- 2     Code is repealed.
- 3     654.3. ~~(a) A dentist, or an employee or agent of a dentist, shall~~
- 4     ~~not charge treatment or costs to an open-end credit, that is extended~~
- 5     ~~by a third party and that is arranged for or established in a dental~~
- 6     ~~office, before the date upon which the treatment is rendered or~~
- 7     ~~costs are incurred, without first providing the patient a list of the~~
- 8     ~~treatment and services to be rendered, the estimated costs of the~~

1 treatment and services, and which treatment and services are being  
2 charged in advance of rendering or incurring of costs, and ensuring  
3 that the patient has received the treatment plan required by  
4 subdivision (d).

5 (b) A dentist shall, within 15 business days of a patient's request,  
6 refund to the lender any payment received through credit extended  
7 by a third party that is arranged for or established in a dental office  
8 for treatment that has not been rendered or costs that have not been  
9 incurred.

10 (c) A dentist, or an employee or agent of that dentist, shall not  
11 arrange for or establish credit extended by a third party for a patient  
12 without first providing the following written notice, on one page  
13 in at least 14-point type, and obtaining a signature from the patient:

14 -

15 "Credit for Dental Services

16 The attached application and information is for a credit card/line  
17 of credit or loan to help you finance your dental treatment. You  
18 should know that:

19 You are applying for a \_\_\_\_\_ credit card/line of credit or a \_\_\_\_\_  
20 loan for \$\_\_\_\_\_.

21 You do not have to apply for the credit card/line of credit or  
22 loan. You may pay your dentist for dental treatment in another  
23 manner.

24 This credit card/line of credit or loan is not a payment plan with  
25 the dental office; it is credit with [name of company issuing the  
26 credit card/line of credit or loan]. Your dentist does not work for  
27 this company.

28 Before applying for this credit card/line of credit or loan, you  
29 have the right to a written treatment plan from your dentist that  
30 includes the anticipated treatment to be provided and the estimated  
31 costs of each service.

32 If you are approved for a credit card/line of credit, your dentist  
33 can only charge treatment and lab costs to that credit card/line of  
34 credit when you get the treatment or the dentist incurs costs unless  
35 your dentist has first given you a list of treatments that you are  
36 paying for in advance and the cost for each treatment or service.

37 You have the right to receive a credit to your credit card/line of  
38 credit or loan account refunded for any costs charged to the credit  
39 card/line of credit or loan for treatment that has not been rendered  
40 or costs that your dentist has not incurred. Your dentist must refund

1 the amount of the charges to the lender within 15 business days  
2 of your request, after which the lender will credit your account.

3 Please read carefully the terms and conditions of this credit  
4 card/line of credit or loan, including any promotional offers.

5 You may be required to pay interest on the amount charged to  
6 the credit card/line of credit or the amount of the loan. If you miss  
7 a payment or do not pay on time, you may have to pay a penalty  
8 and/or a higher interest rate.

9 If you do not pay the money that you owe the company that  
10 provides you with a credit card/line of credit or loan, your missed  
11 payments can appear on your credit report and could hurt your  
12 credit rating. You could also be sued.

13 [Patient's Signature]"

14 -

15 (d) A dentist shall give a patient a written treatment plan prior  
16 to arranging for or establishing credit extended by a third party.  
17 The treatment plan shall include each anticipated service to be  
18 provided and the estimated cost of each service. If a patient is  
19 covered by a private or government dental benefit plan or dental  
20 insurance, from which the dentist takes assignment of benefits;  
21 the treatment plan shall indicate the patient's private or  
22 government-estimated share of cost for each service. If the dentist  
23 does not take assignment of benefits from a patient's dental benefit  
24 plan or insurance, the treatment plan shall indicate that the  
25 treatment may or may not be covered by a patient's dental benefit  
26 or insurance plan, and that the patient has the right to confirm  
27 dental benefit or insurance information from the patient's plan,  
28 insurer, or employer before beginning treatment.

29 (e) A dentist, or an employee or agent of that dentist, shall not  
30 arrange for or establish credit extended by a third party for a patient  
31 with whom the dentist, or an employee or agent of that dentist,  
32 communicates primarily in a language other than English that is  
33 one of the Medi-Cal threshold languages, unless the written notice  
34 information required by subdivision (e) is also provided in that  
35 language.

36 (f) A dentist, or an employee or agent of that dentist, shall not  
37 arrange for or establish credit that is extended by a third party for  
38 a patient who has been administered or is under the influence of  
39 general anesthesia, conscious sedation, or nitrous oxide.

1     ~~(g) A patient who suffers any damage as a result of the use or~~  
2     ~~employment by any person of a method, act, or practice that~~  
3     ~~willfully violates this section may seek the relief provided by~~  
4     ~~Chapter 4 (commencing with Section 1780) of Title 1.5 of Part 4~~  
5     ~~of Division 3 of the Civil Code.~~

6     ~~(h) The rights, remedies, and penalties established by this article~~  
7     ~~are cumulative, and shall not supersede the rights, remedies, or~~  
8     ~~penalties established under other laws.~~

9     ~~(i) For purposes of this section, the following definitions shall~~  
10    ~~apply:~~

11    ~~(1) “Dentist” includes, but is not limited to, a dental corporation,~~  
12    ~~as defined in Section 1800.~~

13    ~~(2) “Open-end credit” means credit extended by a creditor under~~  
14    ~~a plan in which the creditor reasonably contemplates repeated~~  
15    ~~transactions, the creditor may impose a finance charge from time~~  
16    ~~to time on an outstanding unpaid balance, and the amount of credit~~  
17    ~~that may be extended to the debtor during the term of the plan (up~~  
18    ~~to any limit set by the creditor) is generally made available to the~~  
19    ~~extent that any outstanding balance is repaid.~~

20    ~~(3) “Patient” includes, but is not limited to, the patient’s parent~~  
21    ~~or other legal representative.~~

22    ~~SEC. 2. Section 654.3 is added to the Business and Professions~~  
23    ~~Code, to read:~~

24    ~~654.3. (a) For purposes of this section, the following~~  
25    ~~definitions shall apply:~~

26    ~~(1) “Licensee” means an individual, firm, partnership,~~  
27    ~~association, corporation, limited liability company, or cooperative~~  
28    ~~association licensed under this division or under any initiative act~~  
29    ~~or division referred to in this division.~~

30    ~~(2) “Licensee’s office” means either of the following:~~

31    ~~(A) An office of a licensee in solo practice.~~

32    ~~(B) An office in which services or goods are personally provided~~  
33    ~~by the licensee or by employees in that office, or personally by~~  
34    ~~independent contractors in that office, in accordance with law.~~  
35    ~~Employees and independent contractors shall be licensed or~~  
36    ~~certified when licensure or certification is required by law.~~

37    ~~(3) “Open-end credit” means credit extended by a creditor~~  
38    ~~under a plan in which the creditor reasonably contemplates~~  
39    ~~repeated transactions, the creditor may impose a finance charge~~  
40    ~~from time to time on an outstanding unpaid balance, and the~~

1 amount of credit that may be extended to the debtor during the  
2 term of the plan, up to any limit set by the creditor, is generally  
3 made available to the extent that any outstanding balance is repaid.

4 (4) "Patient" includes, but is not limited to, the patient's parent  
5 or other legal representative.

6 (b) It is unlawful for a licensee, or employee or agent of that  
7 licensee, to charge treatment or costs to an open-end credit or  
8 loan, that is extended by a third party and that is arranged for, or  
9 established in, that licensee's office, before the date upon which  
10 the treatment is rendered or costs are incurred, without first  
11 providing the patient with a treatment plan, as required by  
12 subdivision (e) and a list of which treatment and services are being  
13 charged in advance of rendering or incurring of costs.

14 (c) A licensee shall, within 15 business days of a patient's  
15 request, refund to the lender any payment received through credit  
16 or a loan extended by a third party that is arranged for, or  
17 established in, that licensee's office for treatment that has not been  
18 rendered or costs that have not been incurred.

19 (d) A licensee, or an employee or agent of that licensee, shall  
20 not arrange for or establish credit or a loan extended by a third  
21 party for a patient without first providing the following written or  
22 electronic notice, on one page or screen, respectively, in at least  
23 14-point type, and obtaining a signature from the patient:

24  
25 *"Credit or Loan for Medical Services*

26 *The attached application and information is for a credit card/line*  
27 *of credit or loan to help you finance your medical treatment. You*  
28 *should know that:*

29 *You are applying for a \_\_\_\_credit card/line of credit or a*  
30 *\_\_\_\_loan for \$\_\_\_\_.*

31 *You do not have to apply for the credit card/line of credit or*  
32 *loan. You may pay your medical provider for treatment in another*  
33 *manner.*

34 *This credit card/line of credit or loan is not a payment plan with*  
35 *the provider's office; it is credit with, or a loan made by, [name*  
36 *of company issuing the credit card/line of credit or loan]. Your*  
37 *medical provider does not work for this company.*

38 *Before applying for this credit card/line of credit or loan, you*  
39 *have the right to a written treatment plan from your medical*



1 licensee does not take assignment of benefits from a patient's  
2 medical benefit plan or insurance, the treatment plan shall indicate  
3 that the treatment may or may not be covered by a patient's  
4 medical benefit or insurance plan, and that the patient has the  
5 right to confirm medical benefit or insurance information from  
6 the patient's plan, insurer, or employer before beginning treatment.

7 (f) A licensee, or an employee or agent of that licensee, shall  
8 not arrange for or establish credit or a loan extended by a third  
9 party for a patient with whom the licensee, or an employee or  
10 agent of that licensee, communicates primarily in a language other  
11 than English that is one of the Medi-Cal threshold languages,  
12 unless the written notice information required by subdivision (d)  
13 is also provided in that language.

14 (g) A licensee, or an employee or agent of that licensee, shall  
15 not arrange for or establish credit or a loan that is extended by a  
16 third party for a patient who has been administered or is under  
17 the influence of general anesthesia, conscious sedation, or nitrous  
18 oxide.

19 (h) A patient who suffers any damage as a result of the use or  
20 employment by any person of a method, act, or practice that  
21 willfully violates this section may seek the relief provided by  
22 Chapter 4 (commencing with Section 1780) of Title 1.5 of Part 4  
23 of Division 3 of the Civil Code.

24 (i) The rights, remedies, and penalties established by this article  
25 are cumulative, and shall not supersede the rights, remedies, or  
26 penalties established under other laws.

27 SEC. 3. No reimbursement is required by this act pursuant to  
28 Section 6 of Article XIII B of the California Constitution because  
29 the only costs that may be incurred by a local agency or school  
30 district will be incurred because this act creates a new crime or  
31 infraction, eliminates a crime or infraction, or changes the penalty  
32 for a crime or infraction, within the meaning of Section 17556 of  
33 the Government Code, or changes the definition of a crime within  
34 the meaning of Section 6 of Article XIII B of the California  
35 Constitution.

36 SECTION 1. ~~Section 654.4 is added to the Business and~~  
37 ~~Professions Code, to read:~~

38 ~~654.4. (a) For purposes of this section, the following~~  
39 ~~definitions shall apply:~~

1     ~~(1) “Licensee” means an individual, firm, partnership,~~  
2     ~~association, corporation, limited liability company, or cooperative~~  
3     ~~association licensed under this division or under any initiative act~~  
4     ~~or division referred to in this division.~~

5     ~~(2) “Licensee’s office” means either of the following:~~

6     ~~(A) An office of a licensee in solo practice.~~

7     ~~(B) An office in which services or goods are personally provided~~  
8     ~~by the licensee or by employees in that office, or personally by~~  
9     ~~independent contractors in that office, in accordance with law.~~  
10    ~~Employees and independent contractors shall be licensed or~~  
11    ~~certified when licensure or certification is required by law.~~

12    ~~(3) “Open-end credit” means credit extended by a creditor under~~  
13    ~~a plan in which the creditor reasonably contemplates repeated~~  
14    ~~transactions, the creditor may impose a finance charge from time~~  
15    ~~to time on an outstanding unpaid balance, and the amount of credit~~  
16    ~~that may be extended to the debtor during the term of the plan, up~~  
17    ~~to any limit set by the creditor, is generally made available to the~~  
18    ~~extent that any outstanding balance is repaid.~~

19    ~~(4) “Patient” includes, but is not limited to, the patient’s parent~~  
20    ~~or other legal representative.~~

21    ~~(b) It is unlawful for a licensee to charge treatment or costs to~~  
22    ~~an open-end credit, that is extended by a third party and that is~~  
23    ~~arranged for, or established in, that licensee’s office, before the~~  
24    ~~date upon which the treatment is rendered or costs are incurred,~~  
25    ~~without first providing the patient a list of the treatment and~~  
26    ~~services to be rendered, the estimated costs of the treatment and~~  
27    ~~services, and which treatment and services are being charged in~~  
28    ~~advance of rendering or incurring of costs, and ensuring that the~~  
29    ~~patient has received the treatment plan required by subdivision~~  
30    ~~(e).~~

31    ~~(c) A licensee shall, within 15 business days of a patient’s~~  
32    ~~request, refund to the lender any payment received through credit~~  
33    ~~extended by a third party that is arranged for, or established in,~~  
34    ~~that licensee’s office for treatment that has not been rendered or~~  
35    ~~costs that have not been incurred.~~

36    ~~(d) A licensee, or an employee or agent of that licensee, shall~~  
37    ~~not arrange for or establish credit extended by a third party for a~~  
38    ~~patient without first providing the following written notice, on one~~  
39    ~~page in at least 14-point type, and obtaining a signature from the~~  
40    ~~patient:~~

1  
2     “Credit for Medical Services

3     The attached application and information is for a credit card/line  
4 of credit or loan to help you finance your medical treatment. You  
5 should know that:

6     You are applying for a \_\_\_\_\_ credit card/line of credit or a \_\_\_\_\_  
7 loan for \$\_\_\_\_\_.

8     You do not have to apply for the credit card/line of credit or  
9 loan. You may pay your medical provider for treatment in another  
10 manner.

11     This credit card/line of credit or loan is not a payment plan with  
12 the provider's office; it is credit with [name of company issuing  
13 the credit card/line of credit or loan]. Your medical provider does  
14 not work for this company.

15     Before applying for this credit card/line of credit or loan, you  
16 have the right to a written treatment plan from your medical  
17 provider that includes the anticipated treatment to be provided and  
18 the estimated costs of each service.

19     If you are approved for a credit card/line of credit, your medical  
20 provider can only charge treatment and laboratory costs to that  
21 credit card/line of credit when you get the treatment or the medical  
22 provider incurs costs unless your medical provider has first given  
23 you a list of treatments that you are paying for in advance and the  
24 cost for each treatment or service.

25     You have the right to receive a credit to your credit card/line of  
26 credit or loan account refunded for any costs charged to the credit  
27 card/line of credit or loan for treatment that has not been rendered  
28 or costs that your medical provider has not incurred. Your medical  
29 provider must refund the amount of the charges to the lender within  
30 15 business days of your request, after which the lender will credit  
31 your account.

32     Please read carefully the terms and conditions of this credit  
33 card/line of credit or loan, including any promotional offers.

34     You may be required to pay interest rates on the amount charged  
35 to the credit card/line of credit or the amount of the loan. If you  
36 miss a payment or do not pay on time, you may have to pay a  
37 penalty on the entire cost of your procedure and/or a higher interest  
38 rate.

1 You may use this credit card/line of credit for payments toward  
2 subsequent medical services.

3 If you do not pay the money that you owe the company that  
4 provides you with a credit card/line of credit or loan, your missed  
5 payments can appear on your credit report and could hurt your  
6 credit rating. You could also be sued.

7 - -  
8 [Patient's Signature]"  
9

10 (e) ~~Prior to arranging for or establishing credit extended by a~~  
11 ~~third party, a licensee shall give a patient a written treatment plan.~~  
12 ~~The treatment plan shall include each anticipated service to be~~  
13 ~~provided and the estimated cost of each service. If a patient is~~  
14 ~~covered by a private or government medical benefit plan or medical~~  
15 ~~insurance, from which the licensee takes assignment of benefits,~~  
16 ~~the treatment plan shall indicate the patient's private or~~  
17 ~~government-estimated share of cost for each service. If the licensee~~  
18 ~~does not take assignment of benefits from a patient's medical~~  
19 ~~benefit plan or insurance, the treatment plan shall indicate that the~~  
20 ~~treatment may or may not be covered by a patient's medical benefit~~  
21 ~~or insurance plan, and that the patient has the right to confirm~~  
22 ~~medical benefit or insurance information from the patient's plan,~~  
23 ~~insurer, or employer before beginning treatment.~~

24 (f) ~~A licensee, or an employee or agent of that licensee, shall~~  
25 ~~not arrange for or establish credit extended by a third party for a~~  
26 ~~patient with whom the licensee, or an employee or agent of that~~  
27 ~~licensee, communicates primarily in a language other than English~~  
28 ~~that is one of the Medi-Cal threshold languages, unless the written~~  
29 ~~notice information required by subdivision (d) is also provided in~~  
30 ~~that language.~~

31 (g) ~~A licensee, or an employee or agent of that licensee, shall~~  
32 ~~not arrange for or establish credit that is extended by a third party~~  
33 ~~for a patient who has been administered or is under the influence~~  
34 ~~of general anesthesia, conscious sedation, or nitrous oxide.~~

35 (h) ~~A patient who suffers any damage as a result of the use or~~  
36 ~~employment by any person of a method, act, or practice that~~  
37 ~~willfully violates this section may seek the relief provided by~~  
38 ~~Chapter 4 (commencing with Section 1780) of Title 1.5 of Part 4~~  
39 ~~of Division 3 of the Civil Code.~~

1 (i) ~~The rights, remedies, and penalties established by this article~~  
2 ~~are cumulative, and shall not supersede the rights, remedies, or~~  
3 ~~penalties established under other laws.~~

4 SEC. 2. ~~No reimbursement is required by this act pursuant to~~  
5 ~~Section 6 of Article XIII B of the California Constitution because~~  
6 ~~the only costs that may be incurred by a local agency or school~~  
7 ~~district will be incurred because this act creates a new crime or~~  
8 ~~infraction, eliminates a crime or infraction, or changes the penalty~~  
9 ~~for a crime or infraction, within the meaning of Section 17556 of~~  
10 ~~the Government Code, or changes the definition of a crime within~~  
11 ~~the meaning of Section 6 of Article XIII B of the California~~  
12 ~~Constitution.~~